

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Tyrone Township	County Kent
Audit Date 3/31/05	Opinion Date 7/1/05	Date Accountant Report Submitted to State: 10/11/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Hungerford, Aldrin, Nichols & Carter, PC			
Street Address 2910 Lucerne Drive SE	City Grand Rapids	State MI	ZIP 49546
Accountant Signature <i>Hungerford, Aldrin, Nichols & Carter, P.C.</i>		Date 10/11/05	

TYRONE TOWNSHIP
Kent County, Michigan

Comprehensive Annual Financial Report

For the year ended March 31, 2005

TYRONE TOWNSHIP
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For the year ended March 31, 2005

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.

CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

July 1, 2005

The Township Board
Tyrone Township
Kent County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major funds and the aggregate remaining fund information of Tyrone Township (the "Township") as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the elected officials and management of the Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major funds and the aggregate remaining fund information of Tyrone Township as of March 31, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Township has implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2004.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Tyrone Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Alden, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

TYRONE TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

As management of the Tyrone Township ("the Township"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which immediately follow this section.

Financial Highlights

- The Township's net assets increased by \$58,716 (or 5.4 percent).
- Total expenses of the Township's programs were \$506,720.
- Total revenues, including all program and general revenues, were \$565,436.
- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$488,103, a decrease of \$72,303 from the prior year.
- At the end of the current year, the unreserved/undesignated fund balance for the General Fund was \$401,418, or 80 percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected property taxes and earned but uncollected sewer usage fees and special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, roads and parks. The Township has no business-type activities.

The government-wide financial statements can be found on pages 10-11 of this report.

TYRONE TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund and Fire Fund, each of which are considered to be major funds. The basic governmental fund financial statements can be found on pages 12-17 of this report.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary funds provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Township's own programs. The accounting used for fiduciary funds is like that used for proprietary funds.

Notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 20-27 of this report.

Government –Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tyrone Township, assets exceeded liabilities by \$1,144,788 at the close of the fiscal year.

A substantial portion of the Township's net assets, \$656,685 (57 percent), reflects its investment in capital assets (e.g. land, buildings, equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TYRONE TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

The Statement of Net Assets provides financial information on the Township as a whole as of March 31, 2005.

	Governmental Activities
Assets	
Current assets	\$ 488,103
Capital assets	656,685
	<hr/>
Total Assets	1,144,788
	<hr/>
Liabilities	—
	<hr/>
Net Assets	
Invested in capital assets	656,685
Unrestricted	488,103
	<hr/>
Total Net Assets	\$ 1,144,788
	<hr/>

The Statement of Activities presents changes in net assets from operating results for the year ended March 31, 2005:

	Governmental Activities
Program Revenues	
Charges for services	\$ 66,346
Capital grants	28,000
General Revenues	
Property taxes	217,311
State/intergovernmental revenue	214,808
Interest earnings	11,116
Other	27,855
	<hr/>
Total Revenues	565,436
	<hr/>
Expenses	
General government	203,133
Public safety	149,662
Public works	117,794
Recreational and cultural	5,247
Other township	30,608
Interest on long-term debt	276
	<hr/>
Total Expenses	506,720
	<hr/>
Increase in net assets	58,716
	<hr/>
Net Assets - Beginning of Year	1,086,072
	<hr/>
Net Assets - End of Year	\$ 1,144,788
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TYRONE TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

Governmental activities increased the Township's net assets by \$58,716. Key elements of this increase are as follows:

- Property taxes increased by \$8,083 (4.4 percent). This increase is a product of new construction in the Township and increased valuations on existing properties.
- Governmental funds' expenditures for 2004-05 increased only \$55,207 (8.7 percent) compared to 2003-04 amounts due to the planning of the Township Board.

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$488,103, a decrease of \$72,303 in comparison with the prior year. 100 percent of this total amount constitutes unreserved fund balance, which is available for spending at the Township's discretion.

Tyrone Township's funds are described as follows:

Major Funds

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$424,958 and total expenditures of \$503,179. Expenditures include \$79,908 for land and equipment. It ended the year with a fund balance of \$401,418, down from \$471,639 at March 31, 2004.

The *Fire Fund* levies property taxes for fire protection services. The Fund had total revenues of \$132,478 and total expenditures of \$134,560. Expenditures include \$63,536 for new vehicles and equipment. It ended the year with a fund balance of \$86,685, down from \$88,767 at March 31, 2004.

General Fund Budgetary Highlights

Over the course of the year, the Township revised the annual operating budget once to comply with Michigan Department of Treasury guidelines. The budget amendment was made to reflect changes in revenues and expenditures as they occurred during the year, including reduced state shared revenues as the State of Michigan lowered its revenue sharing formula to local governmental units.

TYRONE TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

Capital Asset and Debt Administration

Capital Assets

At March 31, 2005, the Township had a \$910,835 investment in a broad range of capital assets, including land, land improvements, buildings and improvements, and furniture and equipment. (More detailed information about capital assets can be found in the notes to basic financial statements.)

Capital asset purchases totaled \$121,135 for the fiscal year with accumulated depreciation increasing \$23,037. The net book value of capital assets at March 31, 2005 is detailed as follows:

	Governmental Activities
Land	\$ 131,557
Land improvements	3,250
Buildings and improvements	378,112
Furniture and equipment	67,613
Vehicles	<u>76,153</u>
Net Capital Assets	<u>\$ 656,685</u>

Long-Term Debt

The Township was indebted in the amount of \$32,941 for the Township Hall purchase loan at the beginning of the fiscal year. This amount was paid in full during the current fiscal year. The Township has no remaining long-term debt outstanding at March 31, 2005.

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General and Fire Special Revenue Fund budgets for 2005-06 anticipate a reduction in year end fund balances of \$153,000. This estimate reflects property tax growth within the Township, continuing reductions in state shared revenues increased road improvement expenditures along with a continuing effort to control/reduce costs within the Township, while continuing to maintain a high quality of taxpayer service.

Contacting the Township's Financial Management

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shelley Worley, Township Clerk, Tyrone Township, 28 East Muskegon, PO Box 275, Kent City, MI, 49330-0275.

BASIC FINANCIAL STATEMENTS

TYRONE TOWNSHIP
Statement of Net Assets
March 31, 2005

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash equivalents (Note B)	\$ 3,236
Deposits (Note B)	68,452
Investments (Note B)	367,874
Receivables:	
Taxes (Note C)	15,031
Accounts	960
Due from other governmental units (Note F)	32,550
Total Current Assets	<u>488,103</u>
Noncurrent Assets	
Capital assets (Note E)	910,835
Less accumulated depreciation	<u>(254,150)</u>
Total Noncurrent Assets	<u>656,685</u>
Total Assets	<u>1,144,788</u>
Liabilities	-
Net Assets	
Invested in capital assets	656,685
Unrestricted	<u>488,103</u>
Total Net Assets	<u><u>\$ 1,144,788</u></u>

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Statement of Activities
For the year ended March 31, 2005

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Capital Grants	
Primary Government				
Governmental activities:				
General government	\$ 203,133	\$ 22,798	\$ 8,000	\$ (172,335)
Public safety	149,662	43,548	20,000	(86,114)
Public works	117,794	-	-	(117,794)
Recreational and cultural	5,247	-	-	(5,247)
Other township	30,608	-	-	(30,608)
Interest on long-term debt	276	-	-	(276)
Total Governmental Activities	<u>506,720</u>	<u>66,346</u>	<u>28,000</u>	<u>(412,374)</u>
General revenues:				
Property taxes levied for::				
				125,432
				91,879
				214,808
				11,116
				27,855
Total General Revenues				<u>471,090</u>
Change in Net Assets				58,716
Net Assets - Beginning of Year				<u>1,086,072</u>
Net Assets - End of Year				<u>\$ 1,144,788</u>

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Balance Sheet
Governmental Funds
March 31, 2005

	General	Special Revenue Fire	Total
Assets			
Cash equivalents (Note B)	\$ 3,175	\$ 61	\$ 3,236
Deposits (Note B)	44,263	24,189	68,452
Investments (Note B)	309,065	58,809	367,874
Taxes receivable (Note C)	8,512	6,519	15,031
Due from other funds (Note D)	3,853	-	3,853
Due from other governmental units (Note F)	32,550	-	32,550
Total Assets	<u><u>\$ 401,418</u></u>	<u><u>\$ 89,578</u></u>	<u><u>\$ 490,996</u></u>
 Liabilities and Fund Balances			
Liabilities			
Due to other funds (Note D)	<u>\$ -</u>	<u>\$ 2,893</u>	<u>\$ 2,893</u>
Fund Balances:			
Unreserved:			
Undesignated, reported in:			
General fund	401,418	-	401,418
Special revenue fund	<u>-</u>	<u>86,685</u>	<u>86,685</u>
Total Fund Balances	<u>401,418</u>	<u>86,685</u>	<u>488,103</u>
Total Liabilities and Fund Balances	<u><u>\$ 401,418</u></u>	<u><u>\$ 89,578</u></u>	<u><u>\$ 490,996</u></u>

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
March 31, 2005

Total governmental fund balances	\$ 488,103
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$910,835 and accumulated depreciation is \$254,150.

656,685

Total net assets - governmental activities

<u>\$ 1,144,788</u>

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended March 31, 2005

	General	Special Revenue Fire	Total
Revenues			
Taxes	\$ 125,432	\$ 91,879	\$ 217,311
Licenses and permits	43,195	-	43,195
Federal sources	8,000	20,000	28,000
State sources	214,808	-	214,808
Charges for services	22,798	-	22,798
Fines and forfeitures	73	280	353
Interest and rentals	10,259	857	11,116
Other revenue	8,393	19,462	27,855
	<u>432,958</u>	<u>132,478</u>	<u>565,436</u>
Total Revenues			
Expenditures			
Current:			
Legislative	3,000	-	3,000
General government	256,741	-	256,741
Public safety	56,593	134,560	191,153
Public works	117,794	-	117,794
Recreational and cultural	5,247	-	5,247
Other township	30,608	-	30,608
Debt service:			
Principal repayment	32,941	-	32,941
Interest expense	255	-	255
	<u>503,179</u>	<u>134,560</u>	<u>637,739</u>
Total Expenditures			
Net Change in Fund Balances	(70,221)	(2,082)	(72,303)
Fund Balances, April 1	471,639	88,767	560,406
Fund Balances, March 31	<u>\$ 401,418</u>	<u>\$ 86,685</u>	<u>\$ 488,103</u>

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended March 31, 2005

Net change in fund balances - total governmental funds \$ (72,303)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the cost of these assets is capitalized
and the cost is allocated over their estimated useful lives as deprecia-
tion expense. This is the amount by which capital outlays exceeded
depreciation in the current period:

Capital outlays	\$ 121,136	
Depreciation expense	<u>(23,037)</u>	98,099

Repayment of long-term liabilities is an expenditure in the governmental
funds, but it reduces long-term liabilities in the Statement of Net Assets
and does not affect the Statement of Activities:

Repayment of loan payable	<u>32,941</u>
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Total changes in net assets - governmental activities	<u><u>\$ 58,737</u></u>
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See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2005

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 134,700	\$ 134,700	\$ 125,432	\$ (9,268)
Licenses and permits	30,075	30,075	43,195	13,120
Federal sources	-	-	8,000	8,000
State sources	207,000	207,000	214,808	7,808
Charges for services	9,300	9,300	22,798	13,498
Fines and forfeitures	-	-	73	73
Interest and rentals	10,500	10,500	10,259	(241)
Other revenue	3,900	3,900	8,393	4,493
Total Revenues	<u>395,475</u>	<u>395,475</u>	<u>432,958</u>	<u>37,483</u>
Expenditures				
Current:				
General government:				
Township board	3,090	3,090	3,000	90
Supervisor	19,565	19,565	18,959	606
Elections	5,600	5,600	11,119	(5,519)
Assessor	28,880	28,880	28,739	141
Legal and audit	12,000	13,800	12,215	1,585
Clerk	25,455	25,455	23,106	2,349
Board of review	900	900	696	204
General administration	41,800	41,800	38,581	3,219
Treasurer	29,690	29,690	24,799	4,891
Buildings and grounds	25,250	84,150	83,282	868
Cemetery	26,600	26,600	15,245	11,355
Total general government	<u>218,830</u>	<u>279,530</u>	<u>259,741</u>	<u>19,789</u>
Public safety:				
Law enforcement	11,000	11,000	6,631	4,369
Inspections	50,020	50,020	47,155	2,865
Planning	4,800	4,800	2,807	1,993
Total public safety	<u>65,820</u>	<u>65,820</u>	<u>56,593</u>	<u>9,227</u>
Public works:				
Highways, streets and bridges	235,000	174,000	116,702	57,298
Street lighting	1,200	1,200	1,092	108
Total public works	<u>236,200</u>	<u>175,200</u>	<u>117,794</u>	<u>57,406</u>
Recreational and cultural:				
Library	4,950	5,250	5,247	3
Other township	34,500	34,500	30,608	3,892
Debt service:				
Principal repayment	35,000	35,000	32,941	2,059
Interest expense	300	300	255	45
	<u>35,300</u>	<u>35,300</u>	<u>33,196</u>	<u>2,104</u>
Total Expenditures	<u>595,600</u>	<u>595,600</u>	<u>503,179</u>	<u>92,421</u>
Net Change in Fund Balances	<u>(200,125)</u>	<u>(200,125)</u>	<u>(70,221)</u>	<u>129,904</u>
Fund Balances, April 1	<u>471,639</u>	<u>471,639</u>	<u>471,639</u>	<u>-</u>
Fund Balances, March 31	<u>\$ 271,514</u>	<u>\$ 271,514</u>	<u>\$ 401,418</u>	<u>\$ 129,904</u>

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2005

	Budget	Actual	Variance- Positive (Negative)
Revenues			
Taxes	\$ 100,700	\$ 91,879	\$ (8,821)
Federal sources	-	20,000	20,000
Interest and rentals	500	857	357
Fines and forfeitures	500	280	(220)
Other revenue	-	19,462	19,462
Total Revenues	<u>101,700</u>	<u>132,478</u>	<u>30,778</u>
Expenditures			
Current:			
Public safety	<u>81,200</u>	<u>134,560</u>	<u>(53,360)</u>
Net Change in Fund Balances	<u>20,500</u>	<u>(2,082)</u>	<u>(22,582)</u>
Fund Balances, April 1	<u>88,767</u>	<u>88,767</u>	<u>-</u>
Fund Balances, March 31	<u><u>\$ 109,267</u></u>	<u><u>\$ 86,685</u></u>	<u><u>\$ (22,582)</u></u>

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Fiduciary Funds
Statement of Fiduciary Net Assets
March 31, 2005

	<u>Agency Funds</u>
Assets	
Cash equivalents (Note B)	\$ 9,233
Deposits (Note B)	1
Due from other governmental units	<u>9,050</u>
Total Assets	<u><u>\$ 18,284</u></u>
Liabilities	
Due to other funds (Note D)	\$ 960
Due to other governmental units	14,495
Escrow deposits	<u>2,829</u>
Total Liabilities	<u><u>\$ 18,284</u></u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Note A – Summary of Significant Accounting Policies

Tyrone Township was organized as a general law township under applicable laws of the State of Michigan and is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and two Trustees, each of whom is elected for a four year term of office. The Township provides the following services to its residents as provided by statute: public safety (fire and inspections), highways and streets, cultural, planning and zoning, general administrative and other services.

The financial statements of Tyrone Township (the “Township”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In the fiscal year ended March 31, 2005, the Township adopted GASB Statement No. 34, “*Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments.*” GASB Statement No. 34 requires new basic financial statements for reporting on the Township’s financial activities. The effect of this change was to include a management’s discussion and analysis (MD&A) section providing an analysis of the Township’s overall financial position and results of operation; include government-wide financial statements prepared on the full accrual basis of accounting; and include fund financial statements which present information with a focus on major funds, rather than on fund type.

The more significant of the Township’s accounting policies are described below.

1. The Reporting Entity

The accompanying financial statements present the Township of Tyrone. The Township has no component units, i.e., entities for which the Township is considered to be financially accountable.

2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *Fire Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and capital improvements of the Township Fire Department.

Additionally, the Township reports the following non-major fund types:

The *Cash Bond Agency Fund* accounts for the collection of bonds and deposits and the payment to the governmental units or other persons entitled to receive these funds.

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest associated with current period are all considered to susceptible to accrual and have been recognized as revenues of the current fiscal period. Property taxes levied for the subsequent fiscal year are presented as deferred revenue at fiscal year end.

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General and Special Revenue Funds are subject to legal budgetary accounting controls and are budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budgets are generated with input from the Supervisor, Clerk, Treasurer and the Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in March, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General and Special Revenue Funds.
- Prior to April 1, the budgets are legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budget as amended by the Township.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for each individual fund.

5. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

6. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Buildings and improvements	25-40 years
Vehicles	5-20 years
Furniture and equipment	5-15 years

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

11. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

TYRONE OWNERSHIP
Notes to Basic Financial Statements
March 31, 2005

Note B – Cash, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
- In commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
- In United States government or federal obligation repurchase agreements.
- In bankers' acceptances of United States banks.
- In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- In surplus funds investment pools.

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. Valley Ridge Bank
2. Kent County Local Government Investment Pool.

Balances at March 31, 2005 related to cash equivalents, deposits and investments are detailed on the combined balance sheet as follows:

Cash equivalents	\$ 12,469
Deposits	68,453
Investments	<u>367,874</u>
	<u><u>\$ 448,796</u></u>

Cash Equivalents and Deposits

Cash equivalents consist of cash on hand and bank checking accounts. Deposits consist of bank interest earning savings and money market accounts.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Cash equivalents and deposits at March 31, 2005, as shown by carrying amount and bank balance, and classified by categories of credit risk, are itemized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured – FDIC	\$ 80,922	\$ 100,000
Uninsured:		
Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging bank or its trust department or agent but not in the Township's name.)	—	15,205
	<u>\$ 80,922</u>	<u>\$ 115,205</u>

Investments

The Kent County Local Government Investment Pool consists of monies advanced for investment with accounts established in the Township's name within the pool. Interest earnings from the subsequent reinvestment of the pooled funds are credited to the Township on a pro-rata basis in relation to its percentage of deposits in the pool. These investments, with fair market value which approximates cost, are not categorized because participation in such funds does not result in direct ownership of individual securities, but rather shares. However, the investments of the pool are classified as Risk Level 1 because these investments are held by the Fund or its agent in the name of the fund. Balances at March 31, 2005 are as follows:

Uninsured/Uncategorized:	
Kent County Local Government Investment Pool	<u>\$ 367,874</u>

Note C – General Property Taxes

Property taxes for the Township and County become due and payable on December 1 of each year. School district taxes become due and payable July 1 and December 1 of each year, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Property tax revenues are recognized by the Township in the General and Fire Department Special Revenue Funds in the fiscal year levied, to the extent they are measurable and available. The 2004 property tax roll levied December 1, 2004, represents revenue for the fiscal year ended March 31, 2005.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Kent County, Kent District Library, Grand Rapids Community College, Kent and Newaygo Intermediate School Districts, Grant Public Schools, Kent City Community Schools and Sparta Area Schools. The collection and remittance of taxes are accounted for in the Tax Account Agency Fund.

The Township is permitted by statute (Act 359, Public Acts of 1947, as amended by Public Acts of 1976) to levy up to 1.1 mills of general property taxes on the taxable valuation in the Township. Due to effect of the Headlee Amendment, actual tax levies were reduced to .9989 mills for 2004-05 general operations.

In addition, Township electors have authorized and the Township levied an additional .9737 mills for 2004-05 fire department operations.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

The tax collection record of Township taxes for the past four years is shown in the following summary:

	2004	2003	2002	2001
Township taxes levied	\$184,104	\$176,021	\$169,570	\$158,618
Taxes collected:				
Current to March 1	170,789	159,374	151,761	143,092
Total to March 31, 2005	170,789	174,893	169,010	158,404
Percentages of collections:				
Current to March 1	92.77%	90.54%	89.50%	90.21%
Total to March 31, 2005	92.77%	99.36%	99.67%	99.86%

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon Taxable Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for prior years are compared with 2005 valuations in the following summary:

Year	Real	Personal	Total
2005	\$ 93,935,220	\$ 5,708,800	\$ 99,644,020
2004	88,138,771	5,818,327	93,957,098
2003	83,734,936	5,692,800	89,427,736
2002	78,936,459	6,205,800	85,142,259
2001	73,378,039	5,720,000	79,098,039
2000	68,893,161	4,504,700	73,397,861
1999	64,755,769	4,751,200	69,506,969
1998	61,464,718	5,682,500	67,147,218
1997	57,947,020	5,262,100	63,209,120
1996	54,050,880	5,048,395	59,099,275

Note D – Interfund Receivables/Payables

Amounts due from (to) other funds representing interfund receivable and payable balances to correct allocations of property tax collections at March 31, 2005 are detailed as follows:

	Due From	Due To
General Fund:		
Fire Special Revenue Fund	\$ 2,893	\$ —
Tax Account Agency Fund	960	—
	3,853	—
Fire Special Revenue Fund:		
General Fund	—	2,893
Tax Account Agency Fund:		
General Fund	—	960
Total All Funds	\$ 3,853	\$ 3,853

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Note E – Capital Assets

Capital asset activity for the year ended March 31, 2005 was as follows:

	<u>Balances</u> <u>April 1, 2004</u>	<u>Additions</u>	<u>Sales/</u> <u>Retirements</u>	<u>Balances</u> <u>March 31, 2005</u>
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 76,200	\$ 55,357	\$ —	\$ 131,557
Capital assets being depreciated:				
Land improvements	10,000	—	—	10,000
Buildings and improvements	519,400	—	—	519,400
Furniture and equipment	81,000	35,888	—	116,888
Vehicles	103,100	29,890	—	132,990
	<u>789,700</u>	<u>\$ 121,135</u>	<u>\$ —</u>	<u>910,835</u>
Totals at historical cost				
	<u>789,700</u>	<u>\$ 121,135</u>	<u>\$ —</u>	<u>910,835</u>
Less accumulated depreciation for:				
Land improvements	\$ 6,250	\$ 500	\$ —	\$ 6,750
Buildings and improvements	128,953	2,336	—	141,289
Furniture and equipment	44,175	5,100	—	49,275
Vehicles	51,736	5,101	—	56,836
	<u>231,114</u>	<u>\$ 23,037</u>	<u>\$ —</u>	<u>254,150</u>
Total accumulated depreciation				
	<u>231,114</u>	<u>\$ 23,037</u>	<u>\$ —</u>	<u>254,150</u>
Net Capital Assets –				
Governmental Activities	<u>\$ 558,586</u>			<u>\$ 656,685</u>

Depreciation expense was charged to Township activities as follows:

General government	\$ 12,436
Public safety	<u>10,601</u>
	<u>\$ 23,037</u>

Note F – Due From Other Governmental Units

The receivable of \$32,550 in the General Fund represents 2004-05 State of Michigan sales tax collections paid to the Township subsequent to March 31, 2005.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Note G – Changes in General Long-Term Debt

The following is a summary of general long-term debt transactions of the Township for the year ended March 31, 2005:

	Debt Outstanding April 1, 2004	Debt Added	Debt Retired	Debt Outstanding March 31, 2005
Loan payable	\$ 32,941	\$ —	\$ 32,941	\$ —

Note H – Stewardship, Compliance and Accountability

The following Township fund had actual expenditures exceed final budgeted expenditures for the year ended March 31, 2005, as follows:

	Budget	Actual	Negative Variance
Special Revenue Fund			
Fire	\$ 81,200	\$ 134,560	\$ 53,360

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TYRONE TOWNSHIP
General Fund
Comparative Balance Sheet
March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents	\$ 3,175	\$ 2,049
Deposits	44,263	94,973
Investments	309,065	340,340
Taxes receivable	8,512	9,834
Due from other funds	3,853	7,806
Due from other governmental units	<u>32,550</u>	<u>28,430</u>
Total Assets	<u><u>\$ 401,418</u></u>	<u><u>\$ 483,432</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 11,793
Fund Balances		
Unreserved:		
Undesignated	<u>401,418</u>	<u>471,639</u>
Total Liabilities and Fund Balances	<u><u>\$ 401,418</u></u>	<u><u>\$ 483,432</u></u>

TYRONE TOWNSHIP
General Fund
Comparative Schedule of Revenues
For the years ended March 31, 2005 and 2004

	2005	2004
Taxes:		
Current property taxes	\$ 92,453	\$ 88,265
Industrial facilities taxes	352	93
Delinquent property taxes	-	2,114
Trailer fees	1,083	1,073
Penalties and interest on taxes	439	799
Property tax administration fees	31,105	27,581
	<u>125,432</u>	<u>119,925</u>
Licenses and permits:		
Building, electrical and plumbing permits	43,111	29,993
Dog licenses	84	87
	<u>43,195</u>	<u>30,080</u>
Federal sources:		
Vote America grant	8,000	-
State sources:		
Sales taxes	211,429	212,968
PA 48/ Metro Act	3,379	960
	<u>214,808</u>	<u>213,928</u>
Charges for services:		
Zoning and appeals fees	2,050	2,450
Summer tax collection fees	14,103	4,828
Parcel split fees	1,000	400
Sale of cemetery lots	5,645	2,561
	<u>22,798</u>	<u>10,239</u>
Fines and forfeitures:		
Court ordinance fines	73	-
Interest and rentals:		
Interest on deposits and investments	6,784	7,876
Rentals	3,475	2,575
	<u>10,259</u>	<u>10,451</u>
Other revenue:		
Library reimbursements	2,923	2,923
Refunds of expenditures	658	414
Miscellaneous	4,812	761
	<u>8,393</u>	<u>4,098</u>
Total Revenues	<u><u>\$ 432,958</u></u>	<u><u>\$ 388,721</u></u>

TYRONE TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Current:		
General government:		
Township board:		
Salaries	\$ 3,000	\$ 3,000
Supervisor:		
Salary	18,540	18,000
Travel and expense	344	371
Education	69	-
Miscellaneous	6	30
	<u>18,959</u>	<u>18,401</u>
Elections:		
Salaries	1,944	-
Office supplies	307	133
Travel and expenses	86	-
Repair and maintenance	174	166
Miscellaneous	608	-
New equipment	8,000	-
	<u>11,119</u>	<u>299</u>
Assessor:		
Salary	26,780	26,000
Office supplies	1,890	3,779
Travel and expense	69	73
	<u>28,739</u>	<u>29,852</u>
Legal and audit:		
Legal fees	1,975	1,432
Audit fees	10,240	7,800
	<u>12,215</u>	<u>9,232</u>
Clerk:		
Salaries:		
Clerk	18,540	18,000
Deputy	104	-
Office supplies	237	315
Travel and expenses	41	46
Dues and memberships	15	15
Miscellaneous	60	156
New equipment	4,109	-
	<u>23,106</u>	<u>18,532</u>
Board of review:		
Salaries	599	496
Miscellaneous	97	80
	<u>696</u>	<u>576</u>
General administration:		
Clerical salaries	20,316	20,356
Office supplies	8,406	6,884
Telephone	4,487	7,874
Legal notices and publications	1,289	1,100
Dues and memberships	2,003	1,850
Miscellaneous	2,080	1,088
	<u>38,581</u>	<u>39,152</u>

(Continued)

TYRONE TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Treasurer:		
Salaries:		
Treasurer	\$ 18,540	\$ 18,000
Deputy	185	125
Office supplies	4,969	8,841
Travel and expenses	96	38
Dues and memberships	50	50
Miscellaneous	959	82
	<u>24,799</u>	<u>27,136</u>
Buildings and grounds:		
Custodian salary	4,200	4,200
Travel and expenses	10	-
Utilities	9,320	7,181
Repair and maintenance	2,160	2,265
Snow plowing	887	359
Miscellaneous	614	165
Land	55,357	-
Building improvements	-	14,395
New equipment	10,734	5,141
	<u>83,282</u>	<u>33,706</u>
Cemetery:		
Sexton salary	5,605	4,667
Gasoline and oil	444	308
Utilities	84	75
Repair and maintenance	2,073	1,813
Miscellaneous	326	-
Land improvements	-	675
New equipment	6,713	250
	<u>15,245</u>	<u>7,788</u>
Total general government	<u>259,741</u>	<u>187,674</u>
Public safety:		
Law enforcement:		
Kent County sheriff patrol	6,631	4,219
Inspections:		
Salaries:		
Building inspector	26,093	26,120
Electrical inspector	8,010	6,450
Plumbing inspector	6,700	6,570
Office supplies	394	734
Professional services	457	290
Travel and expense	2,261	1,994
Education	45	529
Dues and memberships	200	200
New equipment	2,995	-
	<u>47,155</u>	<u>42,887</u>

(Continued)

TYRONE TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Planning and zoning:		
Zoning administrator salary	687	-
Planning commission fees	1,808	462
Board of appeals fees	580	170
Contracted services	338	1,091
Miscellaneous	<u>70</u>	<u>-</u>
	<u>2,807</u>	<u>1,723</u>
Total public safety	<u>56,593</u>	<u>48,829</u>
Public works:		
Highways, streets and bridges:		
Road construction	\$ 108,071	\$ 96,435
Dust layer	<u>8,631</u>	<u>9,541</u>
	<u>116,702</u>	<u>105,976</u>
Street lighting:		
Utilities	<u>1,092</u>	<u>988</u>
Total public works	<u>117,794</u>	<u>106,964</u>
Recreational and cultural:		
Library:		
Office supplies	-	207
Utilities	4,311	3,306
Repair and maintenance	306	1,480
Miscellaneous	<u>630</u>	<u>630</u>
Total recreational and cultural	<u>5,247</u>	<u>5,623</u>
Other township:		
Social Security taxes	12,221	11,659
Insurance and bonds	7,931	7,380
Rubbish removal	6,470	9,264
Miscellaneous	36	-
Tax refunds	<u>3,950</u>	<u>27</u>
Total other township	<u>30,608</u>	<u>28,330</u>
Debt service:		
Principal repayment	32,941	101,834
Interest expense	<u>255</u>	<u>3,726</u>
Total debt service	<u>33,196</u>	<u>105,560</u>
Total Expenditures	<u><u>\$ 503,179</u></u>	<u><u>\$ 482,980</u></u>

SPECIAL REVENUE FUND

Fire — to account for property tax revenues and interest earnings used for fire department operations.

TYRONE TOWNSHIP
Fire Special Revenue Fund
Comparative Balance Sheet
March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents	\$ 61	\$ 3,662
Deposits	24,189	36,527
Investments	58,809	43,104
Taxes receivable	<u>6,519</u>	<u>7,968</u>
Total Assets	<u><u>\$ 89,578</u></u>	<u><u>\$ 91,261</u></u>
 Liabilities and Fund Balances		
Liabilities		
Due to other funds	<u>\$ 2,893</u>	<u>\$ 2,494</u>
Fund Balances		
Unreserved:		
Undesignated	<u>86,685</u>	<u>88,767</u>
Total Liabilities and Fund Balances	<u><u>\$ 89,578</u></u>	<u><u>\$ 91,261</u></u>

TYRONE TOWNSHIP
Fire Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2005 and 2004

	2005	2004.
Revenues		
Taxes:		
Current property taxes	\$ 91,536	\$ 87,252
Delinquent property taxes	-	603
Industrial facilities taxes	343	91
Total taxes	91,879	87,946
Federal sources:		
FEMA grant	20,000	18,000
Fines and forfeitures:		
Emergency cost fines	280	580
Interest and rentals:		
Interest on deposits and investments	857	591
Other revenue:		
Insurance reimbursements	19,446	-
Miscellaneous	16	-
Total other revenue	19,462	-
Total Revenues	132,478	107,117
Expenditures		
Current:		
Public safety:		
Fire department:		
Salaries:		
Fire chief, assistants	7,376	7,603
Firefighters	27,784	24,971
Social Security taxes	2,690	2,492
Supplies	10,969	12,945
Gas and oil	1,224	964
Physical examinations	260	120
Uniforms	1,101	-
Kent County EMS	-	375
County fire assessment	5,153	12,412
Telephone	734	730
Education	65	525
Insurance and bonds	5,702	4,815
Utilities	6,057	5,073
Dues and memberships	100	201
Miscellaneous	1,809	664
New equipment	33,646	25,662
New vehicles	29,890	-
Total Expenditures	134,560	99,552
Net Change in Fund Balances	(2,082)	7,565
Fund Balances, April 1	88,767	81,202
Fund Balances, March 31	\$ 86,685	\$ 88,767

AGENCY FUNDS

Cash Bond Agency—to account for the collection of bonds and deposits and payment to the contractors or other persons entitled to receive these funds.

Tax Account Agency—to account for the collection of current and delinquent property taxes, dog licenses and trailer fees and payment to the governmental units, funds or other persons entitled to receive these funds.

TYRONE TOWNSHIP
Agency Funds
Combining Balance Sheet
March 31, 2005
With comparative totals for March 31, 2004

	Cash Bond	Tax Account	Totals	
			2005	2004
Assets				
Cash equivalents	\$ 2,829	\$ 6,404	\$ 9,233	\$ 27,674
Deposits	-	1	1	1,365
Accounts receivable	-	-	-	30
Due from other governmental units	-	9,050	9,050	649
Total Assets	<u>\$ 2,829</u>	<u>\$ 15,455</u>	<u>\$ 18,284</u>	<u>\$ 29,718</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,478
Due to other funds	-	960	960	5,312
Due to other governmental units	-	14,495	14,495	12,221
Escrow deposits	2,829	-	2,829	9,707
Total Liabilities	<u>2,829</u>	<u>15,455</u>	<u>18,284</u>	<u>29,718</u>
Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 2,829</u>	<u>\$ 15,455</u>	<u>\$ 18,284</u>	<u>\$ 29,718</u>

TYRONE TOWNSHIP
All Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended March 31, 2005

	Balances April 1, 2004	Additions	Deductions	Balances March 31, 2005
Cash Bond Fund				
Assets				
Cash equivalents	\$ 9,707	\$ 15,122	\$ 22,000	\$ 2,829
Liabilities				
Escrow deposits	\$ 9,707	\$ 15,122	\$ 22,000	\$ 2,829
Tax Account Fund				
Assets				
Cash equivalents	\$ 17,967	\$ 3,033,046	\$ 3,044,609	\$ 6,404
Deposits	1,365	3,020,336	3,021,700	1
Accounts receivable	30	-	30	-
Due from other governmental units	649	9,050	649	9,050
Total Assets	\$ 20,011	\$ 6,062,432	\$ 6,066,988	\$ 15,455
Liabilities				
Accounts payable	\$ 2,478	\$ 13,110	\$ 15,588	\$ -
Due to other funds	5,312	203,920	208,272	960
Due to other governmental units	12,221	2,823,318	2,821,044	14,495
Total Liabilities	\$ 20,011	\$ 3,040,348	\$ 3,044,904	\$ 15,455
<u>Totals - All Agency Funds</u>				
Assets				
Cash equivalents	\$ 27,674	\$ 3,048,168	\$ 3,066,609	\$ 9,233
Deposits	1,365	3,020,336	3,021,700	1
Accounts receivable	30	-	30	-
Due from other governmental units	649	9,050	649	9,050
Total Assets	\$ 29,718	\$ 6,077,554	\$ 6,088,988	\$ 18,284
Liabilities				
Accounts payable	\$ 2,478	\$ 13,110	\$ 15,588	\$ -
Due to other funds	5,312	203,920	208,272	960
Due to other governmental units	12,221	2,823,318	2,821,044	14,495
Escrow deposits	9,707	15,122	22,000	2,829
Total Liabilities	\$ 29,718	\$ 3,055,470	\$ 3,066,904	\$ 18,284

OTHER INFORMATION

TYRONE TOWNSHIP
Summary of 2004 Taxes Levied and Collected
For the year ended March 31, 2005

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections*</u>
<u>Ad Valorem Taxes</u>					
Kent County	\$93,957,098	5.31400	\$ 492,189	\$ 35,872	\$ 456,317
Kent District Library	93,957,098	0.88000	82,774	5,940	76,834
State Education Tax		6.00000			
Grant Public Schools	454,526		2,727	267	2,460
Kent City Community Schools	93,157,960		558,941	29,154	529,787
Sparta Area Schools	459,585		2,758	343	2,415
Total State Education Tax			564,426	29,764	534,662
School Districts					
Kent Intermediate School District	93,617,545	4.53320	424,386	22,286	402,100
Newaygo Intermediate School District	454,526	5.73060	2,605	255	2,350
Grand Rapids Community College	93,617,545	1.78650	164,656	8,782	155,874
Grant Public Schools:					
Other	454,526	7.46000	3,391	333	3,058
Operating	29,560	18.00000	532	0	532
Kent City Community Schools:					
Other	93,157,960	9.25000	861,692	53,256	808,436
Operating	19,150,993	18.00000	344,715	15,502	329,213
Sparta Area Schools:					
Other	459,585	7.22520	3,321	413	2,908
Operating	26,622	17.70840	471	0	471
Total School Districts			1,805,769	100,827	1,704,942
Tyrone Township	93,957,098				
Operating		0.99890	92,515	6,743	85,772
Fire protection		0.97370	91,589	6,572	85,017
Tax administration fees			30,998	1,844	29,154
Total Tyrone Township			215,102	15,159	199,943
Total Ad Valorem Taxes			<u>\$3,160,260</u>	<u>\$ 187,562</u>	<u>\$2,972,698</u>

(Continued)

TYRONE TOWNSHIP
Summary of 2004 Taxes Levied and Collected
For the year ended March 31, 2005

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections*</u>
<u>Tax Abatements</u>					
Industrial Facilities Taxes (PA 198) New \$ 705,374					
Kent County		2.65700	\$ 1,874	\$ -	\$ 1,874
Kent District Library		0.44000	310		310
State Education Tax					
Kent City Community Schools		6.00000	4,232		4,232
School Districts					
Kent Intermediate School District		2.26660	1,599		1,599
Grand Rapids Community College		0.89325	630		630
Kent City Community Schools:					
Other		4.62500	3,262		3,262
Operating		9.00000	6,349		6,349
Tyrone Township					
Operating		0.49945	352		352
Fire protection		0.48685	344		344
Administration fees			20		20
Total Industrial Facilities Taxes			<u>\$ 18,972</u>	<u>\$ -</u>	<u>\$ 18,972</u>

*Current collections include ad valorem taxes collected for and distributed to the Village of Kent City Downtown Development Authority. The following amounts were withheld from the various taxing units as shown and paid to the DDA.

Kent County	\$ 7,680
Grand Rapids Community College	2,582
Tyrone Township:	
Operating	<u>1,444</u>
Total DDA Capture	<u>\$ 11,706</u>

Hungerford, Aldrin,
Nichols & Carter, P.C.

CPAs AND CONSULTANTS

July 1, 2005

The Township Board
Tyrone Township
Kent County, Michigan

The following comments pertain to our audit of the financial records of Tyrone Township as of and for the year ended March 31, 2005. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this Statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Tyrone Township.

Auditors Responsibility Under Generally Accepted Auditing Standards

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

Significant Accounting Policies

The elected officials and management of Tyrone Township have the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter will advise the Township elected officials and management about the appropriateness of accounting policies and their application. The significant accounting policies used by Tyrone Township are described in Note A of the Notes to Basic Financial Statements in the Comprehensive Annual Financial Report. As described in Note A, Tyrone Township changed accounting policies related to financial reporting by adopting GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments in fiscal year 2004-05*.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in performing our audit of the financial records of Tyrone Township. We found that the internal control structure and accounting system was adequate and operating in the manner intended. The audit field work and preparation of the Comprehensive Annual Financial Report took significantly longer than usual due to the expanded requirements of Governmental Standards Board Statement No. 34, mainly for the establishment of the Township initial capital assets and depreciation schedules.

Significant Audit Adjustments

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements.

General Fund

1. \$9,834 and \$8,512 to reverse and accrue prior and current year taxes receivable.
2. \$9,829 to classify property tax collections and receipts from the Township Tax Account Agency Fund into the correct accounts.
3. \$11,793 to reverse prior year end accounts payable for road construction and new equipment.
4. \$28,430 and \$32,550 to reverse and accrue final state revenue sharing payments receivable at year end.

Fire Fund

1. \$7,968 and \$6,519 to reverse and accrue year end taxes receivable.

Passed Audit Adjustments

There were no adjustments proposed during the audit that were not recorded by Tyrone Township.

Suggestions And Recommendations

We offered suggestions and recommendations of a minor nature regarding the day-to-day operations of the accounting system to the Township Clerk and Treasurer as the topics arose during the course of our audit field work. Hopefully, these suggestions will ease the day-to-day operations of the Township's business office and assist in more efficient monthly and year end financial record keeping and reporting.

* * * * *

This communication is intended solely for the information and use of the Township Board, officers, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Tyrone Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of Tyrone Township Clerk and Treasurer in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

Hungerford, Aldine, Nichols & Harten, P.C.

Certified Public Accountants